CONDENSED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

RESSOURCES
MONARQUES
RESOURCES

PERIODS ENDED
SEPTEMBER 30, 2012 AND 2011
1ST QUARTER

MONARQUES RESOURCES INC.

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MONARQUES RESOURCES INC.

Condensed Interim Financial Statements

Periods ended September 30, 2012 and 2011

Financial Statements

MONARQUES RESOURCES INC.

Management's Report

Management's responsibility for financial reporting

The accompanying unaudited condensed interim financial statements have been prepared by management and are in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The management is responsible for the preparation, integrity and objectivity of the unaudited condensed interim financial statements and other financial information presented in this Annual Report. Other information included in these unaudited condensed interim financial statements are based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the unaudited condensed interim financial statements are presented fairly in all material respects.

A system of administrative, internal accounting and disclosure controls have been developed and are maintained by management to provide reasonable assurance that assets are safeguarded and that financial information is accurate and reliable.

The Board of Directors is responsible for ensuring that Management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board and is mainly composed of independent outside directors. The Audit Committee meets periodically with management and the independent auditors to review accounting, auditing and internal control matters. These unaudited condensed interim financial statements have been reviewed and approved by the Board of Directors on the recommendation of the Audit Committee.

The unaudited condensed interim financial statements for the periods ended September 30, 2012 and 2011 have been reviewed by KPMG LLP, the independent auditors, in accordance with the Canadian generally accepted auditing standards. The independent auditors have full and free access to the Audit Committee.

Internal control over financial reporting

The Management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that all transactions are being made only in accordance with the authorization of management and/or directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements. However, because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements.

/s/ *Jean-Marc Lacoste*	/s/ *Steve Nadeau*
Jean-Marc Lacoste, President and CEO	Steve Nadeau, Chief Financial Officer

MONARQUES RESOURCES INC.

Condensed Interim Statements of Financial Position
(Unaudited)

September 30, 2012 and June 30, 2012

	Note	September 30, 2012	June 30, 2012
		$	$
Assets			
Current assets:			
Cash and cash equivalents	9 f)	807,159	1,402,713
Sales tax receivable		27,578	56,889
Other receivables		41,054	-
Prepaid expenses		7,966	12,239
Tax credits related to resources and mining rights receivable		13,027	13,027
		896,784	**1,484,868**
Mining properties	4	7,706,872	7,706,872
Exploration and evaluation assets	5	3,831,904	3,546,706
Total assets		**12,435,560**	**12,738,446**
Liabilities and Equity			
Current liabilities:			
Accounts payable and accrued liabilities		324,191	501,818
Liability related to flow-through shares	6 i)	59,648	116,688
		383,839	**618,506**
Non-current liabilities:			
Deferred income and mining taxes	13	453,050	410,026
Total liabilities		**836,889**	**1,028,532**
Equity:			
Share capital and warrants	6	13,432,106	13,432,106
Contributed surplus	7	427,626	395,589
Deficit		(2,261,061)	(2,117,781)
		11,598,671	**11,709,914**
Total liabilities and equity		**12,435,560**	**12,738,446**

Contingencies (Note 8); Commitments (Note 9); Subsequent event (Note 15)

The notes on pages 6 to 22 are an integral part of these unaudited condensed interim financial statements.

On behalf of the Board:

'Jean-Marc Lacoste, Director   *'Michel Baril'*, Director

MONARQUES RESOURCES INC.

Condensed Interim Statements of Comprehensive Loss
(Unaudited)

Periods ended September 30, 2012 and 2011

	Note	2012	2011
		$	$
Expenses:			
Compensation	12	67,676	66,254
Share-based payments	7	32,037	338,710
Rent, office expenses and other expenses		14,625	29,355
Registration, listing fees and shareholders' information		5,594	7,970
Promotion and advertising		620	12,193
Representation, missions and trade shows		68	13,242
Consultant fees		26,279	24,440
Professional fees		12,481	19,728
Total expenses		**159,380**	**511,892**
Net finance expense (income):			
Finance income		(2,616)	(10,601)
Finance expense		532	708
		(2,084)	**(9,893)**
Loss before income taxes and following items		**157,296**	**501,999**
Other income related to flow-through shares	6 i)	(57,040)	(240,881)
Loss before income taxes		**100,256**	**261,118**
Deferred income tax expense	13	43,024	271,000
Comprehensive loss for the period		**143,280**	**532,118**
Basic and diluted loss per share	14	0.004	0.017
Weighted average number of shares outstanding	14	36,660,100	31,835,970

The notes on pages 6 to 22 are an integral part of these unaudited condensed interim financial statements.

MONARQUES RESOURCES INC.

Condensed Interim Statements of Changes in Shareholders' Equity
(Unaudited)

Periods ended September 30, 2012 and 2011

	Share capital and warrants	Contributed surplus	Deficit	Total
	$	$	$	$
Balance as at June 30, 2012	13,432,106	395,589	(2,117,781)	11,709,914
Options: Granted to employees, officers, directors, consultants or I.R. representatives (note 7)	-	32,037	-	32,037
Loss for the period	-	-	(143,280)	(143,280)
Balance as at September 30, 2012	**13,432,106**	**427,626**	**(2,261,061)**	**11,598,671**

	Share capital and warrants	Contributed surplus	Deficit	Total
	$	$	$	$
Balance as at June 30, 2011	12,797,356	-	(1,180,041)	11,617,315
Shares to be issued for the acquisition of mining properties (note 6)	38,000	-	-	38,000
Share-based payments (note 7)	-	338,710	-	338,710
Share issuance expenses	-	-	(13,100)	(13,100)
Recognition of deferred tax assets related to share issuance expenses (note 13)	-	-	271,000	271,000
Loss for the period	-	-	(532,118)	(532,118)
Balance as at September 30, 2011	**12,497,989**	**338,710**	**(1,454,259)**	**11,719,807**

The notes on pages 6 to 22 are an integral part of these unaudited condensed interim financial statements.

MONARQUES RESOURCES INC.

Condensed Interim Statements of Cash Flows
(Unaudited)

Periods ended September 30, 2012 and 2011

	2012	2011
	$	$
Cash flows from operating activities:		
Loss for the period	(143,280)	(532,118)
Adjustments for:		
Deferred income tax expense	43,024	271,000
Share-based payments	32,037	338,710
Other income related to flow-through shares	(57,040)	(240,881)
Net change in non-cash operating working capital items:		
Other receivable	(41,054)	-
Sales taxes receivable	29,311	(195,816)
Prepaid expenses	4,273	-
Accounts payable and accrued liabilities	(114,766)	(37,613)
	(247,495)	(396,718)
Cash flows from financing activities:		
Share issuance costs	-	(13,100)
	-	(13,100)
Cash flows from investing activities:		
Addition to mining properties	-	(30,070)
Deposits for exploration and evaluation assets	-	(50,000)
Increase in exploration and evaluation assets	(348,059)	(623,530)
	(348,059)	(703,600)
Decrease in cash and cash equivalents	(595,554)	(1,113,418)
Cash and cash equivalents, beginning of period	1,402,713	5,092,699
Cash and cash equivalents, end of periods	**807,159**	**3,979,281**

Other information related to cash flows (note 11)

The notes on pages 6 to 22 are an integral part of these unaudited condensed interim financial statements.

1. Reporting entity and going concern:

Monarques Resources Inc. ("the Company"), incorporated on February 16, 2011, under the *Canada Business Corporations Act*, is engaged in the acquisition and exploration of mining properties. Its stock is trading on the TSX Venture Stock Exchange under the symbol MQR. Its activities are in Canada. The Company is an associate of Nemaska Lithium Inc. (Nemaska), a company that trades on the TSX Venture under the ticker NMX and owns 43.27% of the share capital of the Company.

The Company has not yet determined if the properties contain ore reserves that are economically recoverable.

Although the Company has taken steps to verify title to mineral properties in which it has an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

The recoverability of amounts shown for mining properties and related exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof. As at the date of the financial statements, management determined that the net carrying value of mining properties represents the best estimate of their net recoverable value. This value may nonetheless be reduced in the future.

The funds available to the Company at the end of the period are sufficient to complete its 2011-2012 exploration budget which is expected to be wrapped-up by December 31, 2012. Even though the Company successfully completed in June 2012 a non-brokered private placement amounting to $586,250, the Company will have to seek additional funds during the second half of the fiscal year 2012-2013 in order to secure the funds needed for its 2012-2013 budget for general and administrative expenses and to meet its short term obligations associated with its financial liabilities (see note 15). Despite the Company’s ability to obtain funds in the past, there is no assurance that the Company will be successful in obtaining additional financing with acceptable terms.

These condensed interim financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) and on the assumption of going concern. The application of IFRS under the assumption of going concern may be inappropriate because the above condition indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Company to continue as a going concern. These condensed interim financial statements do not include adjustments that should be made to the carrying amount of assets and liabilities if the assumption of going concern proves to be unfounded.

The address of the head office of the Company is 450, rue de la Gare-du-Palais, 1st floor, Québec (Québec), Canada G1K 3X2.

2. Basis of preparation:

(a) Statement of compliance:

These condensed interim financial statements have been prepared in accordance with IFRS.

The accounting policies applied in these condensed interim financial statements are based on IFRS issued and in effect as of November 26, 2012, the date on which the Board of Directors approved these condensed interim financial statements.

(b) Basis of measurement:

The condensed interim financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency:

These condensed interim financial statements are presented in Canadian dollars, which is the Company's functional currency.

(d) Use of estimates and judgments:

The preparation of the condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

- Notes 4 and 5 - recoverability of mining properties and exploration and evaluation assets;
- Note 7 - fair value of share-based payment and warrants;
- Note 13 - recoverability of deferred income tax assets.

3. Significant accounting policies:

These condensed interim financial statements have been prepared following the same accounting policies used in the audited financial statements for the year ended June 30, 2012.

4. Mining properties:

Properties [1]	Localization	Royalties [2]	June 30, 2012	Acquisition	September 30, 2012
			$	$	$
Amiral	SNRC 32O14, 32B03	-	3,505	-	3,505
Arques	SNRC 32O13, 32O14	2% to 3%	1,090,517	-	1,090,517
Bourier	SNRC 32O14, 32O15, 33B02, 33B03	3%	897,595	-	897,595
Caumont	SNRC 32N07, 32N08, 32N09	1.5% to 2%	239,769	-	239,769
Dumulon	SNRC 32N09	-	1,643	-	1,643
Duval	SNRC 32O12	2%	309,294	-	309,294
Lemare	SNRC 32O11, 32O12, 32O14	2% to 3%	833,102	-	833,102
Nisk	SNRC 32O11, 32O12, 32O13, 32O14	2% to 3%	3,569,910	-	3,569,910
Rosebay	SNRC 33B02	-	7,749	-	7,749
Valiquette	SNRC 32N09, 32O12	2%	753,788	-	753,788
			7,706,872	**-**	**7,706,872**

(1) Properties are owned at 100% by the Company and they are all located in the province of Québec, Canada.

(2) See note 9. The claims comprising the properties have either been acquired with different agreements or by map designation and therefor, royalties applicable, if any, are covered under the specific agreements as the case may be.

5. Exploration and evaluation assets:

Exploration and evaluation assets by properties can be detailed as follows:

	June 30, 2012	Exploration expenses	Write-off	September 30, 2012
	$	$	$	$
Amiral	93,492	471	-	93,963
Arques	324,771	3,371	-	328,142
Bourier	1,154,275	22,857	-	1,177,132
Caumont	352,444	25,506	-	377,950
Dumulon	128,413	78,564	-	206,977
Duval	262,475	3,409	-	265,884
Lemare	188,885	89,228	-	278,113
Nisk	554,854	39,839	-	594,693
Rosebay	71,282	2,362	-	73,644
Valiquette	415,815	19,591	-	435,406
	3,546,706	**285,198**	**-**	**3,831,904**

	June 30, 2011	Exploration expenses	Write-off	June 30, 2012
	$	$	$	$
Amiral	-	93,492		93,492
Arques	36,853	287,918		324,771
Bourier	34,433	1,148,014	(28,172)	1,154,275
Caumont	-	352,444		352,444
Dumulon	-	128,413		128,413
Duval	-	262,475		262,475
Lemare	-	190,498	(1,613)	188,885
Nisk	46,591	508,263		554,854
Rosebay	-	71,282		71,282
Valiquette	42,766	373,544	(495)	415,815
	160,643	**3,416,343**	**(30,280)**	**3,546,706**

5. Exploration and evaluation assets (continued):

Exploration and evaluation assets by nature can be detailed as follows:

	September 30, 2012	June 30, 2012
	$	$
Exploration expenses:		
Salaries and fringe benefits	80,123	589,290
Geology and geophysics	81,115	923,344
Test, sampling and prospecting	57,419	174,606
Drilling, equipment rental and other material	1,830	1,445,708
Lodging, meals and travel expenses	40,166	242,085
General exploration expenses	24,545	41,310
Increase of exploration expenses	**285,198**	**3,416,343**
Write-off	-	(30,280)
Balance, beginning of period	3,546,706	160,643
Balance, end of period	**3,831,904**	**3,546,706**

6. Share capital and warrants:

Authorized:

Unlimited number of common shares without par value.

Changes in the Company share capital and warrants were as follows:

	Number of warrants	Number of shares	Amount $
Balance at June 30, 2012[(i)]	8,200,000	36,660,100	13,432,106
Paid in cash	-	-	-
Mining properties	-	-	-
Balance at September 30, 2012	**8,200,000**	**36,660,100**	**13,432,106**

(i) The net book value of the flow-through shares is presented net of the liability related to flow-through shares of $800,000 that was recorded when the flow-through shares were issued during the initial three month period ended June 30, 2011. No additional flow-through shares financing occurred since then. As at September 30, 2012, the balance of the liability related to flow-through shares was $59,648. An amount of $57,040 has been recognized as other income related to flow-through shares in the statement of comprehensive loss for the period ended September 30, 2012, representing the portion of the liability related to the increase in the exploration and evaluation assets during the period in relation with the total flow-through shares financing.

6. Share capital and warrants (continued):

Changes in the Company share capital and warrants were as follows (continued):

(a) Year ended June 30, 2012

On June 20, 2012, the Company closed a non-brokered private placement of an aggregate of 4,690,000 units at a price of $0.125 per unit (the "Units"). Each Unit is comprised of (i) one common share in the capital of the Company at a price of $0.125 per share and (ii) one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder thereof to purchase one additional common share in the capital of the Company at a price of $0.20 for a period of 24 months following the closing of the private placement (the "Offering"). The aggregate gross proceeds of the Offering amounts to $586,250 and the net proceeds will be used by the Company for the purposes of maintaining its ongoing business for the next year as well as to continue the exploration work on its properties. 690,000 Units were issued to Mr. Jean-Marc Lacoste, a director of the Company, and 800 000 Units were issued to Nemaska, a holder of more than 10% of the outstanding common shares of the Company, which constitute "related parties transactions".

On July 14, 2011, the Company issued 100,000 units consisting in 100,000 common shares and 100,000 warrants as part of the consideration for the acquisition of three (3) mining claims assigned to the Valiquette property. Each warrant entitles the holder thereof to purchase one additional common share in the capital of the Company at a price of $0.40 for a period of 18 months. The common shares and warrants issued proceed is evaluated at $26,000.

On September 28, 2011, the Company also issued 50,000 common shares evaluated at $12,000 as part of the consideration for the acquisition of ten (10) mining claims assigned to the Arques property.

On March 30, 2012, the Company issued 70,000 common shares evaluated at $10,500 as part of the consideration for the acquisition of thirteen (13) mining claims assigned to the Caumont property.

6. Share capital and warrants (continued):

(b) Warrants:

Changes in the Company's warrants were as follows:

	September 30, 2012		June 30, 2012	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		$		$
Outstanding, beginning of period	7,290,000	0.29	2,500,000	0.45
Granted	-	-	4,790,000	0.20
Expired	-	-	-	-
Outstanding, end of period	**7,290,000**	**0.29**	**7,290,000**	**0.29**

The following table summarizes the information relating to the warrants:

Number of warrants outstanding as at September 30, 2012	Exercise price	Expiry date
	$	
2,500,000 (exercisable)	0.45	December 2012
100,000 (exercisable)	0.40	February 2013
4,690,000 (exercisable)	0.20	June 2014

6. Share capital and warrants (continued):

(c) Warrants granted to brokers:

Changes in the Company's warrants granted to brokers were as follows:

	September 30, 2012		June 30, 2012	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		$		$
Outstanding, beginning of period	910,000	0.40	910,000	0.40
Granted	-	-	-	-
Expired	-	-	-	-
Outstanding, end of period	**910,000**	**0.40**	**910,000**	**0.40**

The following table summarizes the information relating to the warrants granted to brokers:

Number of warrants outstanding as at September 30, 2012	Exercise price	Expiry date
	$	
910,000	0.40	December 2012

7. Share purchase options:

The shareholders of the Company approved a share purchase option plan (the "plan") whereby the Board of Directors may grant to employees, officers, directors and consultants of the Company share purchase options to acquire common shares in such numbers, for such terms and at such exercise prices as may be determined by the Board of Directors. The exercise price may not be lower than the market price of the common shares at the time of grant.

The plan provides that the maximum number of common shares in the capital of the Company that may be reserved for issuance under the plan shall not be greater than 10% of the issued shares in the capital of the Company being outstanding from time to time.

7. Share purchase options (continued):

The maximum number of common shares which may be reserved for issuance to any optionee may not exceed 5% of the outstanding common shares at the time of vesting and may not exceed 2% of the outstanding common shares for consultants and investors relation representative. These options are non-assignable and non-transferable unless by legacy or inheritance and will expire no later than five years after being granted. The vesting period for the share purchase options and warrants to brokers varies from immediate vesting up to 24-month vesting periods and the life of the options varies from 2 years to 5 years.

Changes in the Company's share purchase options granted to directors, officers, employees and consultants were as follows:

	September 30, 2012		June 30, 2012	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$
Outstanding, beginning of period	2,250,000	0.400	-	-
Granted	300,000	0.125	2,250,000	0.400
Expired	(350,000)	0.400	-	-
Outstanding, end of period	**2,200,000**	**0.368**	**2,250,000**	**0.400**

	September 30, 2012	June 30, 2012
	$	$
Weighted average fair value of share purchase options granted during the period	0.08	0.19

The fair value of the options granted is established according to the Black & Scholes pricing model using the following weighted average assumptions:

	September 30, 2012	June 30, 2012
Risk-free interest rate	1.18%	1.96%
Expected annual dividend rate	0%	0%
Expected annualized volatility	94%	86%
Expected life of options	5 years	4.5 years

7. Share purchase options (continued):

For the three month period ended September 30, 2012, the application of the fair value model resulted in a share-based payments expense of $32,037.

The following table summarizes the information relating to the share purchase options:

Number of options outstanding as at September 30, 2012		Exercise price	Expiry date
Outstanding	Exercisable	$	
25,000	25,000	0.400	March 2013
100,000	100,000	0.400	April 2013
425,000	400,000	0.400	July 2013
1,350,000	1,275,000	0.400	July 2016
300,000	300,000	0.125	July 2017

8. Contingencies:

(a) The Company's operations are governed by laws and regulations regarding environmental protection. Environmental consequences are hardly identifiable, in terms of level, impact or deadline. At the present time and to the best knowledge of its management, the Company is in conformity with the laws and regulations. Restoration costs will be accrued in the financial statements only when it can be determined that a present obligation exists, resulting from the environmental consequences of the exploration activities performed on the lands, and when it can be reliably estimated. Such obligation will be capitalized to the cost of the related assets at that time.

(b) The Company is partly financed by the issuance of flow-through shares. However, there is no guarantee that the funds spent by the Company will qualify as Canadian exploration expenses, even if the Company has committed to take all the necessary measures for this purpose. Refusals of certain expenses by tax authorities would have negative tax consequences for investors.

9. Commitments:

Monarques' 100% owned properties of Lac Levac, Lac des Montagnes and Lac Arques have been restructured after the spin-off transaction with Nemaska. The Company restructured these three properties into seven (7) properties to reflect upon different geological settings found on them and to facilitate future reporting requirements that will comply with the updated National Instrument 43-101 rules. These changes are being reflected in the following commitments:

9. Commitments (continued):

(a) Arques / Bourier / Lemare / Nisk (previously Lac Arques):

Upon the acquisition of the properties, the Company took in charge 100% of an agreement on a group of 396 claims included in the Lac Arques property in the province of Québec. Upon the properties restructuration, these 396 claims related to this commitment were assigned as follows: 109 claims to the Arques property, 142 claims to the Bourier property, 98 claims to the Lemare property and 47 claims to the Nisk property. During the year that ended June 30, 2012, 47 claims related to the Bourier property in relation to this commitment were abandoned, resulting in a remaining total of 349 claims related to this commitment.

As part of this agreement, the Company has agreed to pay to one of the seller a maximum of $1,000,000, conditional on the achievement of certain stages of works and results on the claims acquired under the Lac Arques Purchase and Sale Agreement, which are defined as follows:

- $150,000 if and when the Company will have completed exploration work corresponding to a cumulative minimum amount of $5,000,000 on the property;
- $300,000 upon obtaining an independent pre-feasibility study; and
- $500,000 upon obtaining an independent feasibility study confirming that the property can support commercial production.

As at September 30, 2012, cumulative exploration expenses totalling $2,847,067 ($2,818,306 as at June 30, 2012) were done on the properties, of which $1,911,404 is included in the acquisition costs of the properties. This cumulative amount must be taken into consideration in the calculation of the minimum exploration work to be carried out to reach the trigger level of payments.

A 3% NSR will be payable to the initial sellers under the Lac Arques Purchase and Sale Agreement in case of a commercial production of all metals extracted from the or part of the 396 claims. However, the Company shall have the option at all time and until the expiration of a period of 3 months following the official production statement to repurchase 1% NSR from the vendors, proportional to their interest therein subject to the payment of an amount of $1,000,000 payable in two equal and consecutive instalments; the first instalment being payable upon the date of exercise of the option to repurchase part of the NSR and the second at the latest 90 days following the date of payment of the first instalment.

(b) Arques / Lemare / Nisk (previously Lac Levac):

Upon the properties restructuration, 150 claims related to this commitment of the Lac Levac property were assigned as follows: 1 claim to the Arques property, 83 claims to the Lemare property and 66 claims to the Nisk property.

9. Commitments (continued):

(b) Arques / Lemare / Nisk (previously Lac Levac) (continued)*:*

Pursuant to a net smelter return agreement dated January 15, 2010 (the “Net Smelter Return Agreement”); the initial seller has retained a 2% NSR, of which a 1% NSR can be repurchased by the Company for an amount of $1,000,000 within the first three years.

In addition, the Company has undertaken, should it receive a good-faith offer from a third-party for any of the Nisk property claims, not to dispose of any such Nisk claims without having entitled the initial seller to purchase such Nisk claims at the price of such offer, pursuant to a right of first refusal agreement dated January 15, 2010 (the “Right of First Refusal Agreement”).

(c) Caumont / Duval / Valiquette (previously Lac des Montagnes):

From the 279 claims forming the Lac des Montagnes property, 197 of them have been designated before November 2008 as being subject to a 2% NSR, of which a 1% NSR can be repurchased by the Company for an amount of $1,000,000 within the first three years to be paid in favor of the initial seller. Upon the properties restructuration, these 197 claims related to this commitment were assigned as follows: 19 claims to the Caumont property, 56 claims to the Duval property and 122 claims to the Valiquette property. Furthermore, the initial seller keeps a right of first refusal should the Company receive a good-faith offer from a third-party for any of the 197 claims to purchase such claims at the price of such offer.

In addition, pursuant to an acquisition agreement dated October 28, 2010, for 24 claims forming part of the Lac des Montagnes property (part of the Caumont West block) these claims are subject to a 1.5% NSR payable in favor of the initial seller. 1% of that NSR can be repurchased at all time and until the expiration of a period of 3 months following the official production statement, subject to the payment of an amount of $1,000,000 payable in two equal and consecutive instalments; the first instalment being payable upon the date of exercise of the option to repurchase part of the NSR and the second at the latest 90 days following the date of payment of the first instalment.

Furthermore, pursuant to an acquisition agreement between the Company and Les Ressources Tectonic Inc. finalized on March 29, 2012, 13 claims were added to the Caumont property. In consideration for the claims, the Company paid to the seller $15,000 in cash and issued 70,000 common shares in the capital of the Company for an amount of $10,500. These common shares are subject to a 4-month hold period. The claims are subject to a 1% NSR, which can be repurchased at any time by the Company for an amount of $1,000,000 to be paid in favor of the seller.

9. Commitments (continued):

(d) Arques:

On September 28, 2011, the Company acquired ten (10) mining claims known as "the North Rupert Block", which were held by the seller. These mining claims are located in the Province of Québec and are enclosed in the Arques property owned at 100% by the Company.

On October 12, 2011, the Company paid to the seller $5,000 in cash and issued 50,000 common shares in the capital of the Company for an amount of $12,000, as a consideration for the claims acquired.

Also, the Company has agreed to pay the seller 1.5% NSR if any of the claims comprising the North Rupert Block are brought into production. The Company has the right, at any time, to purchase 0.5% of the NSR by paying the seller the sum of $500,000 in cash.

(e) Valiquette:

On July 14, 2011, the Company purchased three (3) mining claims located to the west of the Valiquette property. Conditional to reaching a certain number of meters of diamond drilling on the claims, the Company has also agreed to pay to the seller an additional amount of a maximum of $60,000 and to issue a maximum of 500,000 additional units, in equal portions of $15,000 and 100,000 units, every 3,000 meters of diamond drilling on the claims, starting from 3,000 meters.

The exercise price of the warrants at the date of granting will be established as the weighted average price of the common shares on the TSX Venture Exchange during the period of 30 calendar days following the reaching of said number of meters. This commitment is in force as long as the claims remain in good standing. Also, the Company has agreed to pay to the seller a 2% NSR on all metals from the acquired claims. The Company has the right, at any time until the expiration of the 3 month-period following the official production statement, to purchase 1% of the NSR by paying to the seller the sum of $1,000,000 in cash.

(f) Flow-through shares:

The Company is committed to incur eligible exploration and evaluation expenses, pursuant to the Canada *Income Tax Act* and Québec *Taxation Act*, of $4,000,000 by December 31, 2012, and to transfer the tax deductions related to these expenditures to the subscribers of its flow-through share underwriting completed on June 10, 2011. As at September 30, 2012, the Company had incurred $3,701,541 of eligible expenses ($3,416,343 as at June 30, 2012) and had funds reserved for exploration amounting to $298,459 ($583,657 as at June 30, 2012).

10. Related party transactions:

During the three month period that ended on September 30, 2012, the Company incurred $14,000 as compensation to the members of the Board of Directors and also incurred $15,340 of share-based payments expense in relation with the share purchase options granted to members of the Board of Directors, excluding compensation and share-based payments to key management personnel (see note 12).

Inter-company transactions carried out during the period between the Company and the entity having significant influence, Nemaska, totalled a net amount of $173,602 (excluding sales tax), split as follows: $227,209 of exploration and evaluation assets charged by the Company to Nemaska, while Nemaska charged to the Company for the following: $46,334 of compensation and $7,273 as general administrative and office expenses.

The transactions are in the normal course of operations and are measured at the exchange amount, which is at cost, and which is the amount of consideration established and agreed to by the related parties. The inter-company balance receivable by the Company from Nemaska as at September 30, 2012, totalled $41,054 (payable of $71,982 to Nemaska as at June 30, 2012) and is included in the other receivables (accounts payable and accrued liabilities as at June 30, 2012).

11. Items not affecting cash and cash equivalents:

	Three months ended September 30	
	2012	2011
	$	$
Non-cash items:		
Acquisition of mining properties by issuance of shares and warrants	-	38,000
Accounts payable and accrued liabilities related to the acquisition of mining properties	-	5,000
Changes in accounts payable and accrued liabilities related to exploration and evaluation assets	(62,861)	580,875

12. Compensation:

	September 30, 2012	September 30, 2011
	$	$
Wages and fringe benefits paid to key management personnel	39,112	40,625
Wages and fringe benefits paid to the other staff employees	14,564	13,546
Fees paid to the members of the Board of Directors	14,000	12,083
	67,676	**66,254**

During the three month period ended September 30, 2012, the Company incurred $32,037 ($338,710 in 2011) of share-based payment expenses, of which $11,061 ($131,207 in 2011) were attributed to key management personnel and $15,340 ($149,666 in 2011) were attributed to the members of the board.

13. Future income and mining taxes:

The income tax expense differs from the amounts computed by applying the combined federal and provincial income tax rate of 26.90% (27.65% in 2011) to the loss before income taxes due to the following:

	Three months ended September 30	
	2012	2011
	$	$
Profit (loss) before income taxes	(100,256)	(261,118)
Computed (expected) tax recovery	(26,969)	(72,199)
Increase (decrease) in income taxes resulting from:		
Non-deductible share-based payment	8,618	93,653
Income taxes at future rate	-	1,225
Change in unrecognized deferred income tax assets	-	(9,060)
Deferred tax arising from exploration and evaluation assets financed through flow-through shares	76,719	324,000
Permanent difference arising from the non-deductible income related to flow-through shares	(15,344)	(66,619)
Deferred income tax expense	**43,024**	**271,000**

13. Future income and mining taxes (continued):

Movements in temporary differences during the periods ended September 30, 2012 and 2011, are detailed as follows:

	Balance June 30, 2012	Recognized in profit or loss	Recognized directly in equity	Balance September 30, 2012
	$	$	$	$
Deferred tax assets:				
Operating losses	304,553	47,581	-	352,134
Share issuance costs	201,604	(13,886)	-	187,718
	506,157	33,695	-	539,852
Deferred tax liabilities:				
Exploration and evaluation assets	(916,183)	(76,719)	-	(992,902)
	(410,026)	**43,024**	**-**	**(453,050)**

	Balance June 30, 2011	Recognized in profit or loss	Recognized directly in equity	Balance September 30, 2011
	$	$	$	$
Deferred tax assets:				
Operating losses	33,000	(9,060)	(13,000)	10,940
Share issuance costs	258,000	-	(258,000)	-
	291,000	**(9,060)**	**(271,000)**	**10,940**

As at September 30, 2012, the Company has the following non-capital tax losses, available to reduce future years income for tax purposes:

Year incurred	Federal	Provincial	Expiry
	$	$	
2011	150,762	150,762	2031
2012	1,007,197	1,007,197	2032
2013 (3 months)	176,879	176,879	2033

14. Earnings per share:

The warrants and share purchase options were excluded from the diluted weighted average number of common shares calculation since the Company is at loss and therefore their effect would have been antidilutive.

15. Subsequent events:

On November 1, 2012, the Company signed an offering letter with Industrial Alliance Securities Inc. (“IAS” or he “Agent”) to act as lead agent for a proposed private placement through an offering memorandum (the “Offering”) of up to $1,000,000 of Flow-Through Common Shares (“FT Shares”), $2,500,000 of Flow-Through Units (“FT Units”) and up to $1,000,000 of Units (“Units”). Each FT Shares will be offered at a price of $0.25 per FT Shares for a maximum of 4,000,000 FT Shares. Each FT Units are offered at a price of $1,000 and consist of 3,200 FT Shares at a price of $0.25 per FT Shares, 1,000 common shares (the “Common Shares”) at a price of $0.20 per Common Shares and 2,100 warrants of the Company (the “FT Unit Warrants”). Each full FT Unit Warrants entitles its holder to purchase one Common Shares at a price of $0.30 for a period of thirty-six (36) months following the closing date of the Offering. Each Units will consist of one (1) Common Shares at a price of $0.20 per Common Share and one (1) common share purchase warrants (the “Warrants”). Each full Warrant entitles its holder to purchase one Common Shares at a price of $0.30 for a period of thirty-six (36) months following the closing date of the Offering. The Agent will receive a cash commission equivalent to 7.5% of the gross proceeds from the sale of the FT Shares, FT Units and the Units sold pursuant to the Offering. Also, the Agent will receive compensation options entitling them to purchase that number of Common Shares equal to 5% of the total number of FT Shares, FT Units and Units sold pursuant to the Offering, exercisable in whole or in part at the price of the Units for a period of 36 months from the closing of the Offering.